

- s is a strategy profile which is an assignment of strategies for each player. E.g. $s = (N, S)$ is a strategy profile for 2 players where player 1 goes north and player 2 goes south.
- s_i is the chosen strategy (chosen action) for player i given profile s . E.g. for the strategy profile $s = (N, S)$, $s_1 = N$, aka player 1 chooses the north strategy.
- S_i is the set of strategies available to player i . E.g. $S_1 = \{N, S\}$, aka player 1 can choose either north or south. For a symmetrical game, $S_1 = S_2$.
- $u_i(s)$ is the utility (payoff) for player i given strategy profile s . E.g. for the strategy profile $s = (N, S)$, $u_1(N, S) = 1$, aka player 1 receives a payoff of 1 when they choose north and player 2 chooses south.
- σ is a mixed strategy profile. E.g. $\sigma = ((0.5, 0.5), (0.25, 0.75))$ is a mixed strategy profile for 2 players where player 1 chooses north with probability 0.5 and south with probability 0.5, and player 2 chooses north with probability 0.25 and south with probability 0.75.
- σ_i is the mixed strategy for player i given mixed profile σ . E.g. for the mixed strategy profile above, $\sigma_1 = (0.5, 0.5)$, aka player 1 chooses north with probability 0.5 and south with probability 0.5.
- $\sigma_i(s_i)$ is the probability that player i chooses strategy s_i given mixed strategy σ_i . E.g. for the mixed strategy $\sigma_1 = (0.5, 0.5)$, $\sigma_1(N) = 0.5$, aka player 1 chooses north with probability 0.5.
- Σ_i is the set of mixed strategies available to player i . E.g. $\Sigma_1 = \{(p, 1-p) \mid 0 \leq p \leq 1\}$, aka player 1 can choose any probability distribution over their strategies.
- $u_i(\sigma)$ is the expected utility (expected payoff) for player i given mixed strategy profile σ .

$$u_i(\sigma) = \sum_{s \in S} \left(\prod_{j=1}^I \sigma_j(s_j) \right) u_i(s)$$

Steps to find $u_i(\sigma)$:

- For each strategy profile s in the set of all strategy profiles S :
- Calculate the probability of that strategy profile occurring by multiplying the probabilities of each player choosing their respective strategies in that profile.
- Multiply that probability by the utility (payoff) for player i given that strategy profile.
- Sum these values over all strategy profiles to get the expected utility for player i .

For the mixed strategy profile $\sigma = ((0.5, 0.5), (0.25, 0.75))$, the expected utility for player i is:

$$\begin{aligned} u_i(\sigma) &= \sigma_1(N)\sigma_2(N)u_i(N, N) + \sigma_1(N)\sigma_2(S)u_i(N, S) \\ &\quad + \sigma_1(S)\sigma_2(N)u_i(S, N) + \sigma_1(S)\sigma_2(S)u_i(S, S) \end{aligned}$$

- A pure strategy is discrete: either north or south for example
- A mixed Nash equilibrium is the best outcome for both players when they're using mixed strategies (where the strategy is a probability of going north or south rather than a discrete north or south choice).
- A simplex is when each component adds to 1, e.g. $x + y = 1 \leftarrow 2$ strategy game.
- σ is a mixed profile
- $x = f(x)$ is a fixpoint
- Brouwer fixpoint theorem
- Kakutani fixpoint theorem
- Every n -player game has at least one Nash equilibrium.

- Sperner's Lemma:
 - Pick an arbitrary set of $n - 1$ colors (let's say red and blue)
 - Count red-blue edges after slicing simplex along cutlines
 - Count exterior edges (call it a)
 - Count interior edges twice (call it b)
 - Total count is $a + 2b$

Lecture 3

- A symmetric 2 player game happens when $B = A^T$, where A and B are the matrices of the payoff for each player.
- Let probability vector x be P1's mixed strategy. Let y be player 2's mixed strategy. E.g. $y = (0.5, 0.5)$.
- The vector of payoff for P1's pure strategies is Ay , where A is a matrix of payoffs and y is a vector of probabilities.
- P1 gets $x^t Ay$. This ends up being a single number. P2 gets $x^t By$.
- Ay is a column vector of payoffs for each of p1's pure strategies.
- P1's best response correspondence is

$$r_1(y) = \arg \max_{x \geq 0 \text{ and } \|x\|_1=1} x^t Ay$$

- $\|x\|_1 = 1$ means all components of x add to 1.
- Best response can have a mix only when there are ties in the vector Ay .
- P2 best response correspondence is

$$r_2(x) = \arg \max_y x^t By$$

- A nash equilibrium is a pair (x^*, y^*) such that $x^* \in r_1(y^*)$ and $y^* \in r_2(x^*)$.
- For any 2 player game given by (A, B) we can define a related symmetric game (\tilde{A}, \tilde{B}) where

$$\tilde{A} = \begin{bmatrix} 0 & A \\ B^T & 0 \end{bmatrix}$$

and

$$\tilde{B} = \tilde{A}^T = \begin{bmatrix} 0 & B \\ A^T & 0 \end{bmatrix}$$

- Claim: If (x^*, y^*) is a nash equilibrium for (\tilde{A}, \tilde{B}) , then $(\frac{x^*}{\|x^*\|_1}, \frac{y^*}{\|y^*\|_1})$ is a nash equilibrium for (A, B) .
- Ax^* is a column vector of payoffs for each of p2's pure strategies.
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$$A = \begin{bmatrix} 0 & -0.8 & 1.2 \\ 1 & 0 & -1 \\ -1 & 1 & 0 \end{bmatrix}$$

Guess: Rock, Paper, Scissors all in support of equilibrium symmetric strategy. Call $R = x_1$, $P = x_2$, $S = x_3$.

$$-0.8x_2 + 1.2x_3 = x_1 - x_3 = x_2 - x_1$$

x_3 is equal to $1 - x_2 - x_1$ since they all must add to 1. Substituting in we get

$$1.2 - 2x_2 - 1.2x_1 = 2x_1 + x_2 - 1 = x_2 - x_1$$

Solving this we get $x_1 = 1/3$, $x_2 = 0.377778$, $x_3 = 1 - 1/3 - 0.377778$.

- "In support" means it's part of the mixed strategy.
- You can never have a dominated strategy in a nash equilibrium.
- Dominated means that you could pick some other strategy such that no matter what the other player does, you always do better.